

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q1 • 2014

Employment



vs. prior
quarter



vs. prior
year

New Entity Filings



vs. prior
quarter



vs. prior
year

Total List Filings



vs. prior
quarter



vs. prior
year

Unemployment



vs. prior
quarter



vs. prior
year



The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

Business Entity Filings Start 2014 on a Positive Note

New Entity and Total List Filings Up From the Prior Quarter and Prior Year

New Entity Filings *[Leading Indicator]*

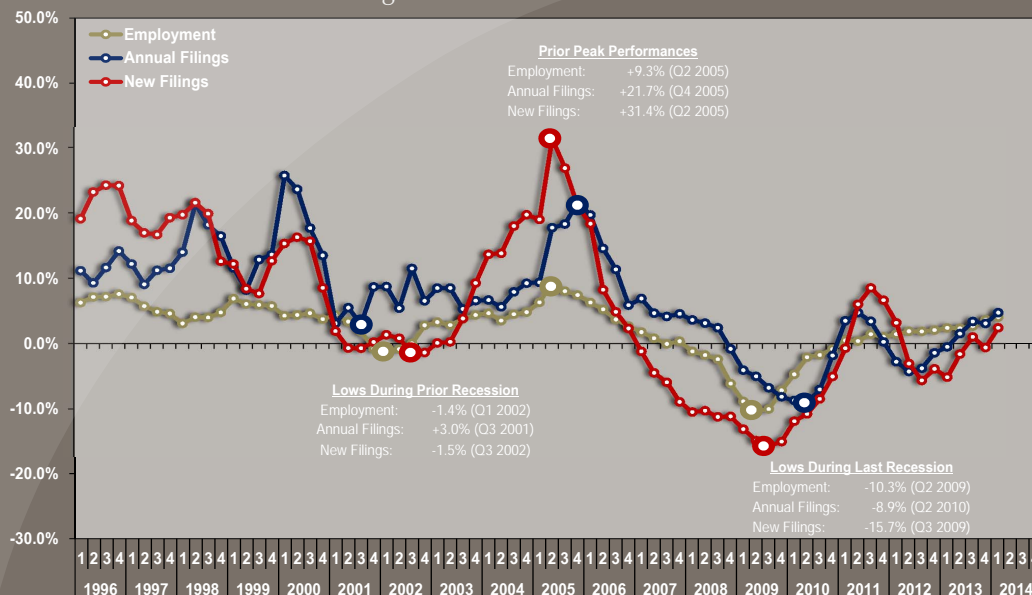
- After reporting declines in the final quarter of 2013, new entity filings started 2014 on a positive note. A total of 15,233 new entity filings were reported in the first quarter of the year, which represents a substantial 14.8-percent increase compared to the prior quarter (Q4 2013). Compared to a year ago (Q1 2013), new filings increased 5.1 percent. Limited Liability Companies ("LLCs"), which account for the largest share of new filings, reported a 16.6-percent quarterly increase and a 7.3-percent annual increase.
- Domestic (Nevada) filings totaled 14,257 in the latest period, which represents a 16.0-percent increase from last quarter. The growth is primarily attributable to a 17.6-percent increase in LLC filings and a 13.7-percent increase in Corporation filings. Domestic filings increased 5.0 percent from a year ago, due to a 7.5-percent increase in LLC filings.
- Foreign (non-Nevada) filings remained relatively flat at 976 during the period. However, compared to a year ago, foreign filings increased 6.3 percent. Corporation filings increased 12.6 percent, while LLC filings were up 3.7 percent.

Total List Filings *[Lagging Indicator]*

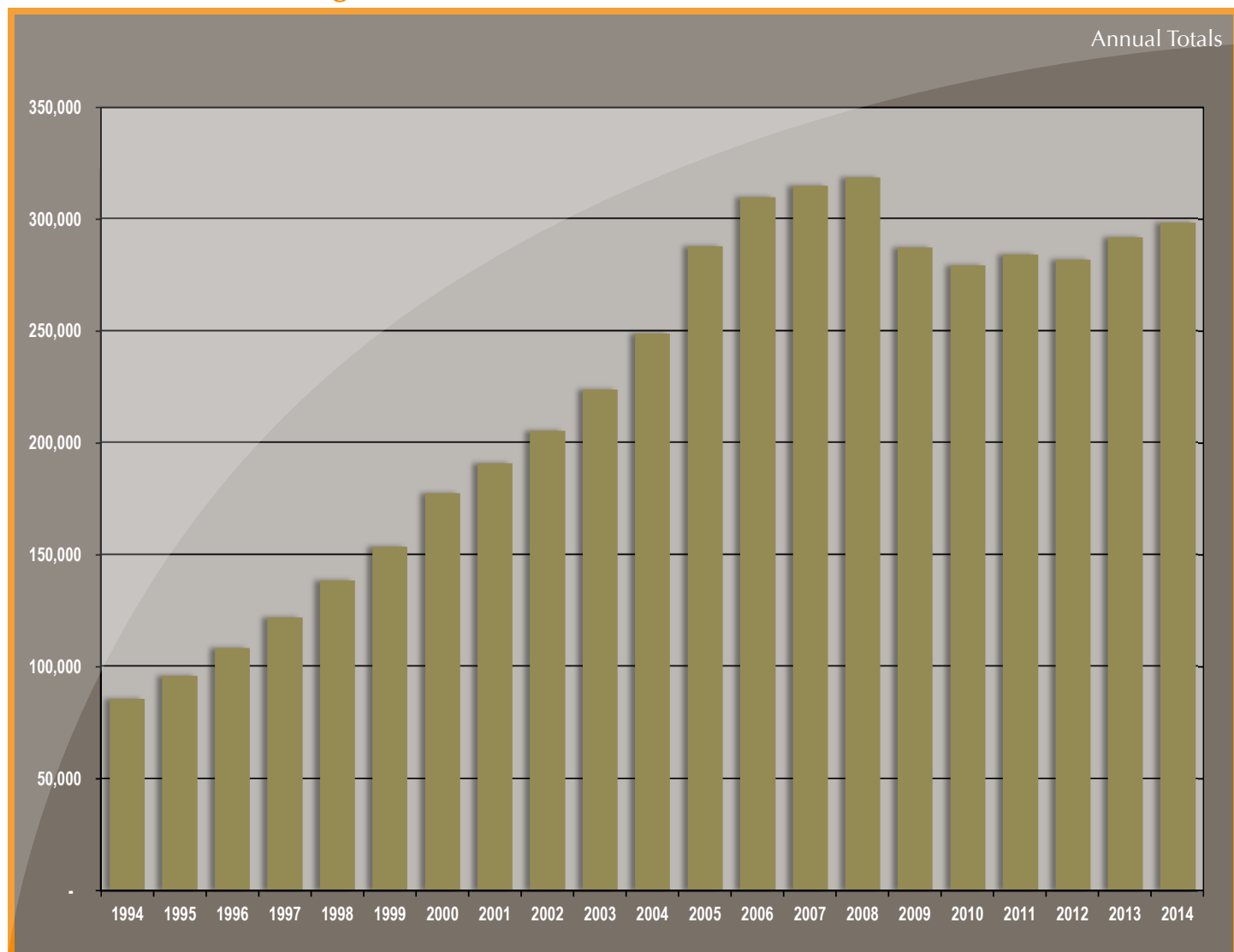
- Initial, annual and amended lists increased 7.4 percent in the first quarter of 2014, rising to 79,968. Although Limited Partnership ("LP") filings reported a 10.4-percent decline, LLCs were up 12.2 percent and Corporations were up 3.7 percent. Compared to a year ago, list filings increased 6.5 percent due to a 10.3-percent increase in LLC filings and a 2.9-percent increase in Corporation filings.
- In the past 12 months, there have been 301,207 list filings, which is up 4.8 percent from the prior 12-month period. In the latest period, LLC filings are up 8.8 percent and Corporation filings are up 1.2 percent. LP filings have declined 4.7 percent in the past year.
- By the end of the first quarter, there were 298,258 entities considered to be in "good standing," which is up 3.9 percent from a year ago. Entities in good standing have reported annual increases for 15 consecutive quarters.

NEVADA EMPLOYMENT AND FILING COMPARATIVE ANALYSIS

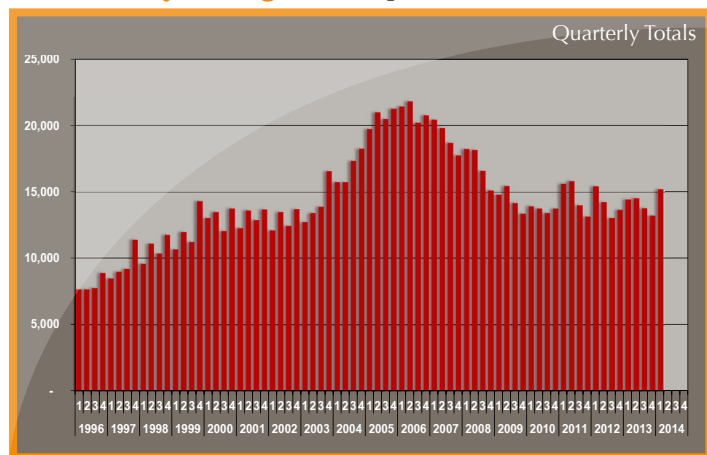
Trailing 12-Month Annual Growth Rates



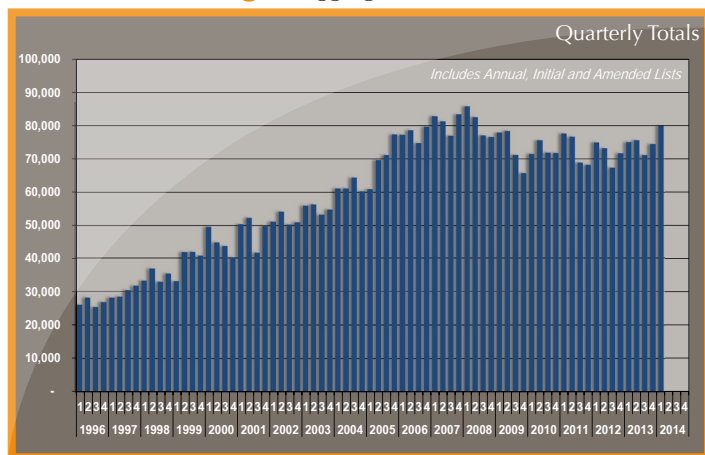
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



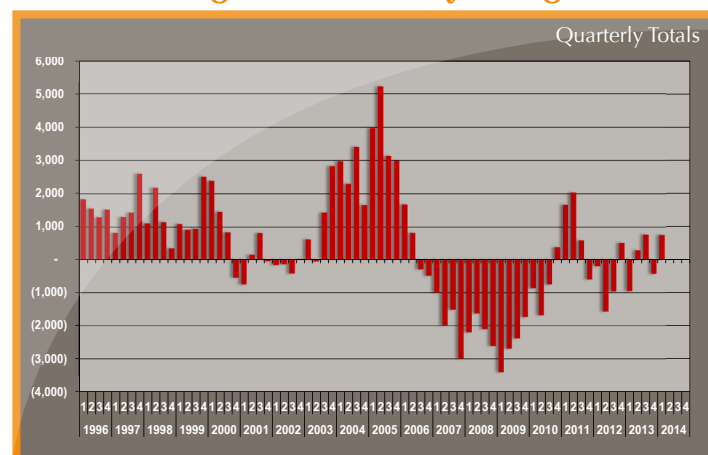
Quarterly Indicators ^[1]

Three Months Ended March 2014

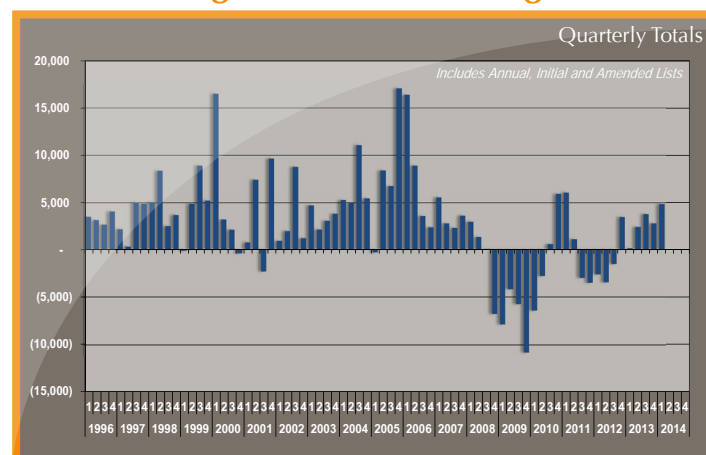
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	34,051	32,837	1,214	3.7% ▲	33,104	947	2.9% ▲
Limited Partnerships	3,048	3,401	(353)	-10.4% ▼	3,147	(99)	-3.1% ▼
Limited Liability Companies	42,611	37,994	4,617	12.2% ▲	38,623	3,988	10.3% ▲
Limited Liability Partnerships and Business Trusts	258	213	45	21.1% ▲	243	15	6.2% ▲
TOTAL	79,968	74,445	5,523	7.4% ▲	75,117	4,851	6.5% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,300	3,781	519	13.7% ▲	4,305	(5)	-0.1% ▼
Limited Partnerships	113	135	(22)	-16.3% ▼	111	2	1.8% ▲
Limited Liability Companies	9,819	8,353	1,466	17.6% ▲	9,131	688	7.5% ▲
Limited Liability Partnerships and Business Trusts	25	21	4	19.0% ▲	29	(4)	-13.8% ▼
TOTAL	14,257	12,290	1,967	16.0% ▲	13,576	681	5.0% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	457	446	11	2.5% ▲	406	51	12.6% ▲
Limited Partnerships	10	19	(9)	-47.4% ▼	19	(9)	-47.4% ▼
Limited Liability Companies	502	502	-	0.0% ►	484	18	3.7% ▲
Limited Liability Partnerships and Business Trusts	7	11	(4)	-36.4% ▼	9	(2)	-22.2% ▼
TOTAL	976	978	(2)	-0.2% ▼	918	58	6.3% ▲
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	4,757	4,227	530	12.5% ▲	4,711	46	1.0% ▲
Limited Partnerships	123	154	(31)	-20.1% ▼	130	(7)	-5.4% ▼
Limited Liability Companies	10,321	8,855	1,466	16.6% ▲	9,615	706	7.3% ▲
Limited Liability Partnerships and Business Trusts	32	32	-	0.0% ►	38	(6)	-15.8% ▼
TOTAL	15,233	13,268	1,965	14.8% ▲	14,494	739	5.1% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,205,300	1,203,100	2,200	0.2% ▲	1,158,300	47,000	4.1% ▲
Unemployment [4]	8.7%	8.7%	0.0%	- ►	10.1%	-1.4%	- ▼
Initial Jobless Claims	42,572	47,000	(4,428)	-9.4% ▼	51,987	(9,415)	-18.1% ▼
Bankruptcies - Chapter 7 [5]	1,829	1,950	(121)	-6.2% ▼	2,277	(448)	-19.7% ▼
Bankruptcies - Chapter 11 [5]	33	39	(6)	-15.4% ▼	59	(26)	-44.1% ▼
Bankruptcies - Chapter 13 [5]	350	355	(5)	-1.4% ▼	393	(43)	-10.9% ▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending March 2014.

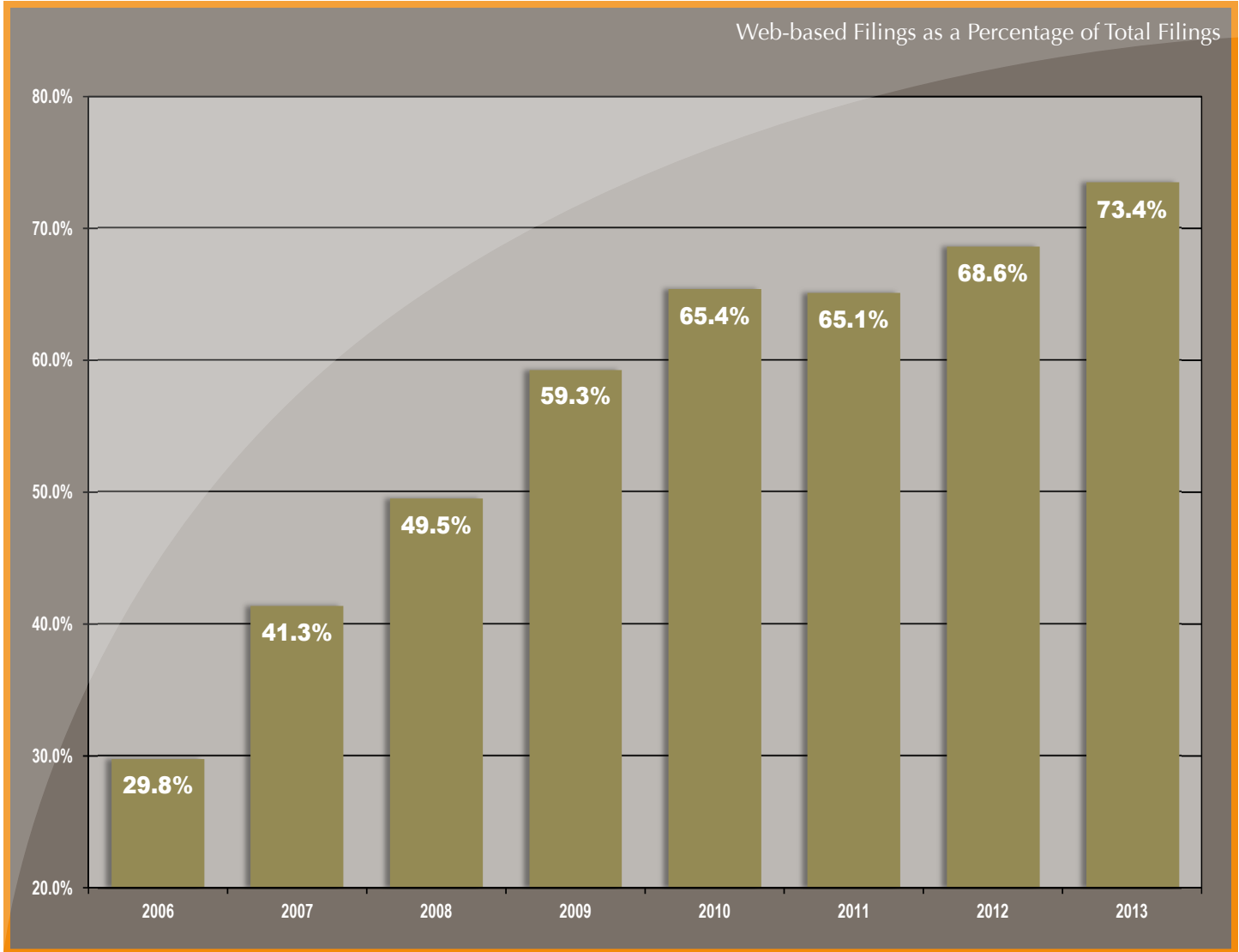
Annual Change in New Entity Filings



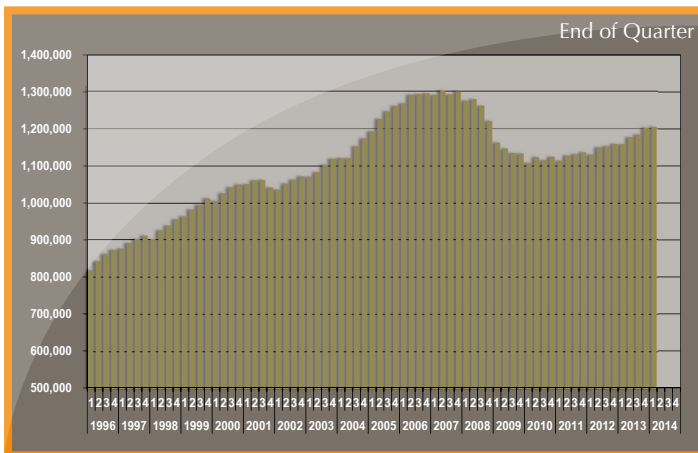
Annual Change in Total List Filings



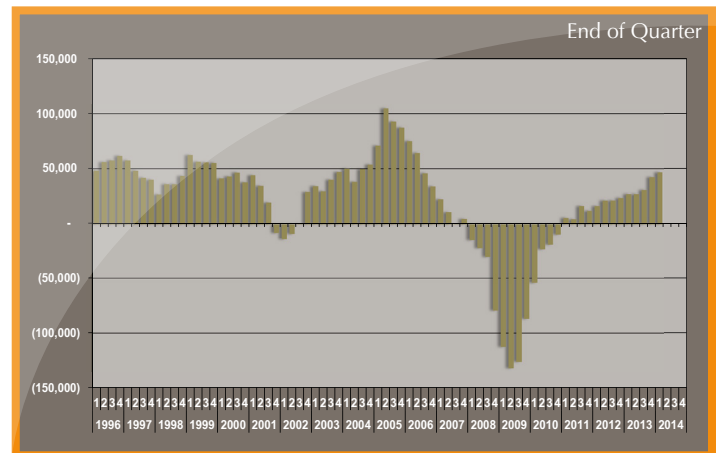
On-line Filing Utilization



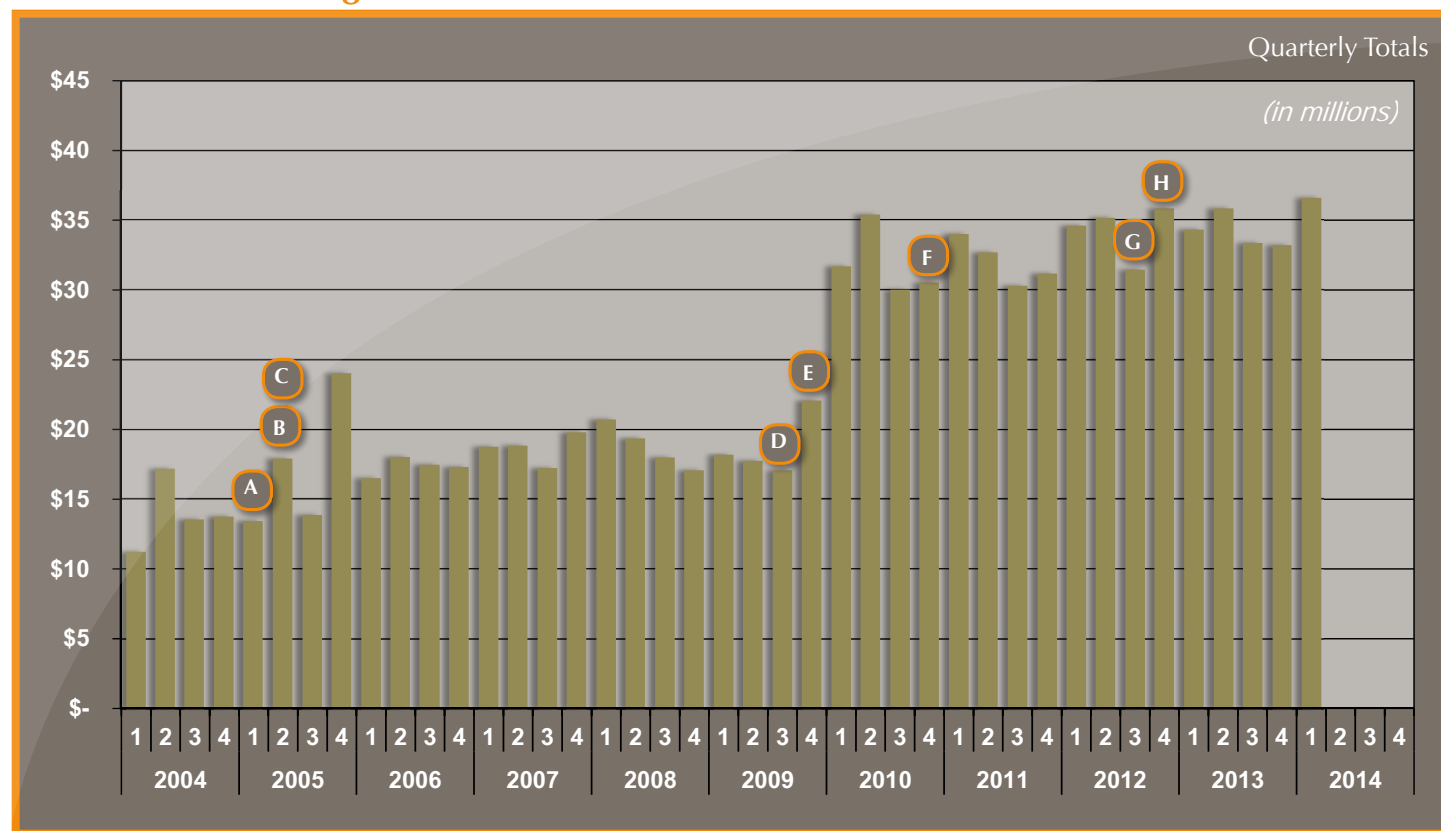
Employment



Annual Change in Employment



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from \$125 to \$175; initial lists increased from \$85 to \$165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from \$85 to \$125 with a maximum of \$11,100 based on capitalization; new filings fee decreased from \$175 to \$75 and the maximum raised from \$25,000 to \$35,000 based on capitalization

- A January 29, 2005** – Implementation of e-SoS processing system for commercial recordings
- B April 2005** – Implementation of online services for initial, amended and annual lists
- C Q2 2005** – Peak of new filing increases
- D July 1, 2009** – Nevada state business license fee increased from \$100 to \$200 annually
- E October 1, 2009** – Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada
- F December 2010** – Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online
- G August 2012** – Launch of Nevada's Business Portal, Silverflume
- H October 2012** – Launch of the Digital Operating Agreement



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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.



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Analyst's Assessment

“ In March 2014, Nevada's economy gained 47,000 jobs when compared to a year ago, representing an increase of 4.1 percent. Excluding the natural resources and mining sector, each of the employment sectors reported annual gains compared to last year. The leisure and hospitality sector reported the most substantial growth during the period, rising by 12,600 jobs. Two additional sectors witnessed gains of more than 10,000 jobs when compared to a year ago. The professional and business services sector reported a gain of 10,700 jobs, while the trade, transportation and utilities sector was up by 10,100 jobs due to growth in the retail trade sector (+7,000 jobs). Other sectors reporting growth included construction (+5,500 jobs), education and health services (+3,800 jobs), government (+1,900 jobs) and manufacturing (+1,400 jobs).

The state's unemployment rate stood at 8.7 percent in March 2014, which is down 1.4 percentage points from the prior year. The latest decline in unemployment rate appears to be attributable to more people finding work rather than frustrated job-seekers leaving the workforce. In February and March of this year, the state's labor force reported an annual increase for the first time since 2011, rising 0.1 percent in February and 0.9 percent in March.

Not only are more people working, but they are earning more as well. In March, the state's private sector reported average weekly wages of \$696.47, which is up 3.2 percent from last year. Despite gains in employment and earnings, Nevada's employees are not necessarily working more. Private average weekly hours worked reported no change in March 2014 when compared to the same month a year ago. However, the relatively flat performance in recent months is a welcome sign compared to the annual declines reported in every month of 2013.”

- **Jeremy Aguero**
Principal Analyst, Applied Analysis

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Information contained herein has been obtained from various sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it. **Applied Analysis** is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, real estate, hospitality, gaming, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges. To put it simply, we are a solutions resource. Our firm is guided by our core values – integrity, diligence and dedication. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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